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SUBJECT: PSKOV OBLAST - VERTICAL OF POWER WITHOUT APOLOGY

¶1. (SBU) Summary. Pskov Oblast and City has a new political hierarchy with strong Kremlin ties -political and financial. The opposition sees these personnel moves as an effort to consolidate Muscovite control over the region. Local authorities say the oblast's and city's economies have not suffered severely from the economic crisis, but they are working to minimize any potential negative impact. Regional cooperation between the oblast and Latvia and Estonia is potentially an important factor for the economy, though international political considerations have interfered with increased integration. End Summary.

New Leadership, Old Friends

¶2. (SBU) On February 27 presidential appointee Andrey Turchak was inaugurated as Pskov's Governor. He replaces Mikhail Kuznetsov, the last popularly elected regional head in Russia's Northwest who has not been re-appointed by the president. Kuznetsov had been removed by President Medvedev ten days earlier. On their March 3 - 4 visit to the region, DPO and Pol/Econ Officer met with Turchak's three deputies: Acting First Deputy Governor Sergey Pernikov, Deputy Governor of Administrative Issues Maksim Zhavoronkov, and Deputy Governor for Property and Investment Gennadiy Bezlobenko. It was the new team's first meeting with foreign government representatives. As young or younger than the new boss (33), the three admitted they were still mastering the details of their respective positions, but assured us that they were moving forward to stimulate the economy and develop Pskov.

¶3. (SBU) Governor Turchak is the son of Anatoliy Turchak, a close personal friend of Prime Minister Putin and president of Leninets Holding Company, which produces hi-tech equipment for the defense industry. In 2005, Turchak Junior joined United Russia, where he was tasked to reorganize the party's ineffective youth wing into a new political movement - the Young Guards. Since then, Young Guards has been closely associated with Leninetes.

¶4. (SBU) Ivan Tsetserskiy, the current deputy City Head, praised the new governor, and believes that the long-standing conflict between the oblast and the city administration is now conclusively ended. He also underscored that the relationship with federal authorities will improve, and that the region should receive access to more federal funding. He was optimistic about U.S.-Pskov contacts, citing exchange programs sponsored by the Consulate and the Library of Congress and the dynamic relationship Pskov has with its sister city Roanoke, Massachusetts. A large group of Pskov official civil servants are planning to travel there this April.

But, Not Everyone is So Pleased

¶5. (SBU) A regional opposition leader expressed to us his concern over the appointment of the new Governor. According our contact, the best explanation for the Turchaks' interest in Pskov Oblast is that it furthers the Leninets clan business

interests by establishing administrative control in the region, enabling them to influence legislation, particularly with respect to customs duties and the forestry industry. He was pessimistic about the new governor, believing him to be "a cynical young man," and compared the militantly pro-Kremlin Young Guards to Mao's Red Guards.

¶6. (SBU) Our interlocutor also decried the 2006 municipal reforms in Pskov which replaced the elected Mayor with a "City Manager" (Russian: "siti-menedzher"), with the more ceremonial of the mayor's previous functions transferred to the Speaker of the Oblast Assembly, now to be known as the "City Head." This model, our contact claimed, was created in Pskov to facilitate removal of the popular Mayor Mikhail Khoronen, who feuded continuously with then Governor Mikhail Kuznetsov. Khoronen is still technically mayor, and his term of office is expiring March 31.) Governor Turchak has reportedly offered the job of city manager to the current City Head Yan Luzhin. The veteran Estonian Consul in Pskov noted that although Luzhin is not really interested in the new position, he will find it difficult to decline the Governor's offer. Formally, Luzhin cannot just be appointed, but will have to be selected by a special committee from a roster of several candidates. The timing of when this will happen is still uncertain, as the composition of the special committee is still in flux (Luzhin himself was head of the committee, but has recently withdrawn from it).

Economic Crisis - Potentially a Problem, but Not Yet.

¶7. (SBU) Speaking about the economic crisis, Tsetserskiy noted that the situation in the city has so far been stable and that there has been no need for municipal budget cuts yet. He expects that the city will be able to implement its main social programs with support of the new governor. The most important social programs in his opinion include support for pensioners, housing loans, low prices for hot water and heating, and construction of several new preschools. Although unemployment has recently increased from a low of 0.3% last year to 1.5% now, Tsetserskiy does not believe it has become a serious problem. The city has a special crisis monitoring group, which meets weekly to analyze the impact of the crisis.

Cross Border Relations - Important but Difficult

¶8. (SBU) All interlocutors with whom we met during our visit - including a local, high profile NGO Director and the Estonian and Latvian Consuls - noted that Pskov Oblast is continuing to cooperate with its Baltic neighbors at the local levels. They noted several joint projects in the fields of education, art, and water treatment which have been mutually beneficial for all parties. Cooperation with Estonia, however, has been problematic ever since the controversy surrounding the Bronze Soldier statue in Tallinn in the spring of 2007. Our NGO Director contact told us that it was difficult to organize Russian-Estonian high-level events because Russian officials refuse to attend conferences at which their Estonian counterparts are present. As an example of the ongoing difficulties, the Estonian Consul mentioned that Estonians had been ready to join in the Days of Pskov Oblast festivities since 2007, but that the oblast administration has shunned Estonian participation and instead has cultivated its relationship with the Latvians.

¶9. (SBU) Comment. Pskov Oblast and City are clear examples of the Russian power vertical in action - a political elite, previously unaffiliated with the region but with strong Kremlin ties, super-imposed over the indigenous polity. The current system of having a city manager and "city head" instead of a popularly elected mayor ensures that there is no independent political base around which opposition forces can coalesce. That the region seems to be firmly onboard with the Kremlin's current anti-Estonian bias, despite the oblast's own local interest in better relations with Estonia, shows the lack of real decision-making authority at the regional level. Though

the economic crisis does not appear to be a major factor in the region at this time, even a major economic downturn would be unlikely to challenge United Russia's overwhelming dominance in the region. End Comment.

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